

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

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For Immediate Release

NEWS RELEASE SUMMARY - August 11, 2006

United States Attorney Carol C. Lam announced that Ahed Alghazouli pled guilty today in federal court in San Diego before United States District Court Judge John A. Houston to Conspiracy to Launder Money in connection with the proceeds of the sale of illegally imported R-12 freon refrigerant.

In connection with his guilty plea, Alghazouli admitted that between June 1997 and October 2004, he and his brothers, Amar Alghazouli and Omran Alghazouli, operated a business in San Diego known as United Auto Supply, through which they sold automotive supplies, including R-12 freon purchased from individuals known to them to have smuggled the freon into the United States from Mexico. The defendant further admitted that after he purchased the freon with cash, the Spanish language printing on the cylinders was painted over and/or erased to disguise the origin of the freon, prior to sale to retail customers in the United States.

The defendant also admitted that when he purchased R-12 freon from smugglers, he used the proceeds from the prior sale of smuggled R-12 freon to automotive repair shops, and that he conducted financial

transactions using \$135,000 in proceeds from the sale of the smuggled R-12 freon to make purchases of other supplies for their business in amounts in excess of \$10,000. The defendant, in pleading guilty, agreed to forfeit his interest in two bank accounts and a house in Chandler, Arizona.

This plea of guilty follows the conviction of the defendant's brother and co-defendant, Amar Alghazouli, on charges arising from his sale of smuggled freon following a trial which ended on March 26, 2006. Amar Alghazouli was sentenced to serve 41 months in custody on July 7, 2006. Omran Alghazouli, who also faces related charges, remains a fugitive.

According to Assistant U.S. Attorney Melanie K. Pierson, who prosecuted the case, R-12 (commonly known by the Dupont trade name "freon") is a refrigerant used primarily in automobile air conditioning units, and is considered to be an ozone depleting substance. The United States ratified the Montreal Protocol on Ozone Depleting Substances and enacted Section 7671 of Title 42 (part of the Clean Air Act) in 1990 to empower the EPA to promulgate regulations to effectuate the treaty. The purpose of the Montreal Protocol was to phase out the use of ozone depleting substances. Pursuant to the treaty, the manufacture and importation of R-12 freon was phased out in the United States, until by January 1, 1996, it was unlawful to manufacture and import R-12 into the United States. The sale of R-12 freon, however, was not prohibited, in order to allow persons to sell their remaining R-12 freon on-hand. Mexico, as a developing country under the Montreal Protocol, was given an additional 15 years in which to phase out the manufacture of R-12 freon, which created an active black market in freon smuggled from Mexico.

Alghazouli is scheduled to appear before Judge Houston on December 7, 2006, at 8:45 a.m. for sentencing.

DEFENDANT

Criminal Case No. 05-CR-1148-JAH

Ahed Alghazouli

SUMMARY OF CHARGES

Title 18, U.S.C., Sec. 1956(h) - Conspiracy to Launder Money

Maximum Penalty: 20 years in custody and a fine of up to \$500,000

Title 18, U.S.C., Sec. 982 - Forfeiture

AGENCIES

U.S. Environmental Protection Agency, Criminal Investigations Division

Federal Bureau of Investigation

Immigration and Customs Enforcement

Department of Transportation, Office of Inspector General